ANNUAL REPORT 1985/1986

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Letter of Transmittal

To His Honour
the Honourable
Robert G. Rogers
Lieutenant-Governor
of the Province
of British Columbia

MAY IT PLEASE
YOUR HONOUR:

I have the pleasure to submit the Annual Report of the British Columbia Petroleum Corporation for the year ended March 31, 1986.

ANTHONY BRUMMET,
Minister of Energy, Mines
and Petroleum Resources,
Province of British Columbia

The Corporation

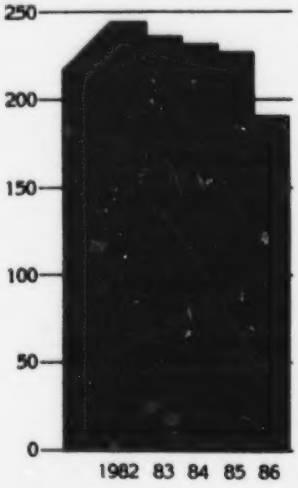
The British Columbia Petroleum Corporation was established on November 8, 1973, as an agency of the Crown, under the Petroleum Corporation Act. The primary function of the Corporation is to market the natural gas produced in British Columbia by purchasing gas from producers and selling it to Westcoast Transmission Company Limited, under an agreement dated November 13, 1973.

Under this agreement, Westcoast Transmission Company Limited novated all its British Columbia gas purchase contracts to the Corporation while retaining the functions of gathering, processing and transporting the gas and selling it to the various domestic utilities and to its U.S. customer, Northwest Pipeline Corporation. Westcoast retains from the proceeds of gas sales its cost of service, including a return on its rate base, and remits the balance of the proceeds to the Corporation, which in turn deducts its cost of service and distributes the remainder to the producers in accordance with the Natural Gas Price Act. Under the new natural gas marketing system, which was implemented on July 1, 1985, the producers pay a royalty on the revenues that they receive from the sale of gas and therefore no revenues from the resale accrue to the Corporation.

Since the Corporation negotiates directly with producers for the purchase of gas, it ensures the development of British Columbia's natural gas resources in a manner consistent with provincial government policy. The Corporation is the owner of all sulphur and natural gas liquids extracted during the processing of its raw gas and is also responsible for selling these by-products.

Total sales of natural gas by the Corporation in the year under review were substantially affected by a sharp decline in sales to the U.S.A. during the fourth quarter. At the end of the third quarter the Corporation's sales were running at about the same level as the previous year but the sudden deterioration in export sales resulted in a disappointing year. Total sales of gas declined by 1% to 6720 from 6781 million cubic metres in the previous year. The domestic market posted a gain of just over 1% but this was caused by a new gas liquids stripping plant that came on stream in the fall of 1985. Exports of British Columbia produced gas under contract to the Corporation declined 17% to 1560 from 1886 million cubic metres. A further 212 million cubic metres of British Columbia gas was exported by producers under direct sales agreements.

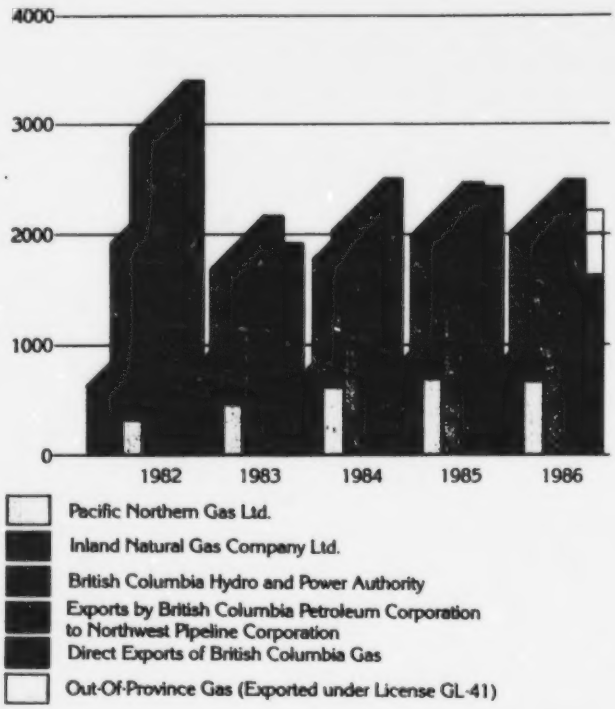
Natural Gas Liquids Sales
(thousands of cubic metres)



Sales of natural gas liquids were also lower than the previous year due to the reduction in the volume of gas delivered for processing at the McMahon Plant. This resulted from the reduced level of gas sales and the recovery by the Corporation of prepaid gas which exists largely behind the Fort Nelson processing plant and which contains no liquid by-products. Although under severe pressure at year end, gas liquids revenues initially benefitted from the deregulation of oil pricing on June 1, 1985, and the subsequent increase in the price of condensate, and were, in fact, slightly higher on a unit basis than the previous year. Revenues from the sale of sulphur showed a satisfactory improvement despite reduced sales caused by a slowdown in shipments during the latter part of the year.

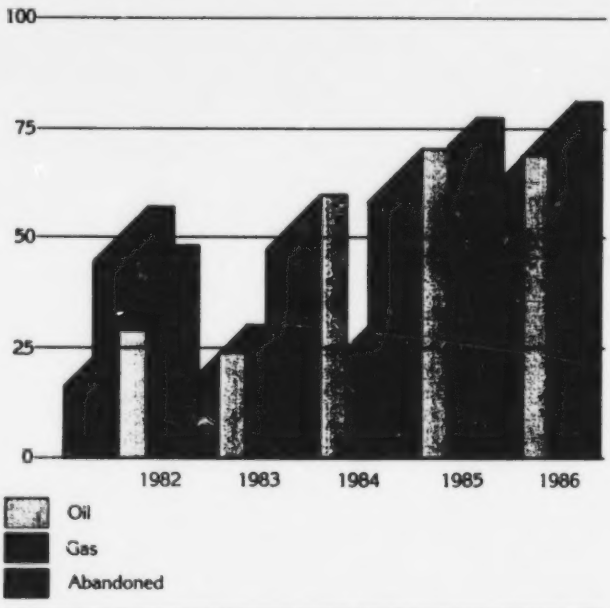
The year under review has been one of considerable change for the Corporation. On July 1, 1985, the final stage of a new gas marketing system was introduced in British Columbia resulting in the amendment of all of the Corporation's gas purchase contracts in order to comply with the Natural Gas Price Act. The Corporation no longer fulfills the role of a collector of an implicit royalty but now effectively pays the total revenues received by the Corporation from the sale of gas and by-products to its producers who then pay an explicit royalty to the Province.

Natural Gas Sales (millions of cubic metres)

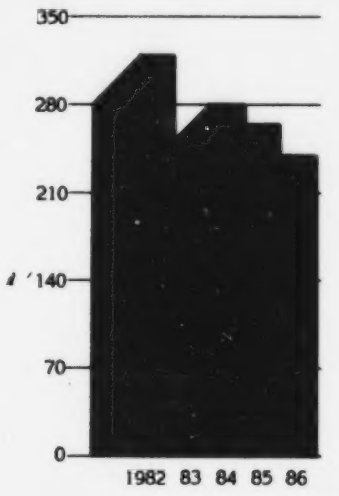


The natural gas industry in North America is now faced with surplus deliverability, severe competition from alternate fuels, gas to gas competition, static or declining markets, and, a determined movement in the United States and Canada to deregulation of much of the industry. In the United States a series of orders issued by the Federal Energy Regulatory Commission has as its objective a radical change in the way pipeline companies in the U.S. conduct their business. In future pipelines will be required to transport other

Wells Completed (by classification)



Sulphur Sales
(thousands of metric tonnes shipped)



gas supplies as well as their own to various customers. The impact on our export sales to Northwest Pipeline Corporation, formerly Westcoast Transmission Company Limited's largest customer, is unclear and must wait for further developments in the process of deregulation. In Canada the three western producing provinces and the Federal Government signed the October 31, 1985, Agreement which stressed the commitment to deregulation of the natural gas industry in Canada.

In previous annual reports the Board has expressed the hope that market conditions would improve in the U.S. Pacific Northwest but suggested that stimulation of the provincial gas industry would depend on other markets. The Board notes with regret the abandonment of the Canada LNG Plant due to economic reasons and, because of the decline in crude oil prices, it is likely there will be a slowdown in the development of the enhanced oil recovery program in California. It appears that in the short to medium term at least the natural gas industry is faced with a difficult transition period while supply and demand are brought into reasonable balance and the industry adjusts to meet this challenge.

In conclusion, the Board would like to thank the Staff of the Corporation for their efforts throughout this past difficult year which has been filled with change and uncertainty.

ANTHONY J. BRUMMET
Chairman

6 Natural Gas Price Act

The Natural Gas Price Act which became effective July 1, 1985, established an explicit royalty system for natural gas produced in the Province. Under this act, producers are able to make their own marketing arrangements with buyers, whereas previously, natural gas was sold exclusively to the Corporation.

The Corporation continues to administer the contracts that it holds with producers for marketing natural gas through Westcoast Transmission Company Limited. Under these contracts, the Corporation pays producers each month a price as determined under the Natural Gas Price Act. Where applicable, producers also receive a price adjustment. Those producers whose gas contains liquids receive from the Corporation the proceeds from the sale of their liquids, less the cost of processing. Those producers whose gas contains sulphur do not receive any proceeds from its resale by the Corporation as such revenues are currently less than the cost of extraction. All proceeds from the sale of sulphur and the cost of processing liquids are credited to the Natural Gas Price Adjustment Fund.

The Natural Gas Price Act establishes the following:

— Empowers the Minister of Energy, Mines and Petroleum Resources ("the Minister") or his designate to establish the producer selling price at which the Corporation purchases natural gas in the Province under a contract with a producer;

— Empowers the Minister or his designate to establish the price at which the Corporation acquires gas from a producer under an acquisition order and the price at which the Corporation resells to that producer;

— Requires the Corporation to be notified by a producer of the details of any agreement entered into by the producer for the sale and delivery of natural gas to a buyer other than the Corporation;

— Authorizes the Corporation to hold and administer the Natural Gas Price Adjustment Fund;

— Permits the Corporation to remove constituents from natural gas under an acquisition order where the Lieutenant-Governor in Council declares it to be in the public interest;

— Permits the Corporation to establish a price adjustment each month;

— Allows the Corporation to recover its cost of service out of the Natural Gas Price Adjustment Fund; and

— Amends the Petroleum and Natural Gas Act by releasing the Corporation from the obligation to pay or satisfy any royalty levied in respect of natural gas.

Natural Gas Prices

Prior to July 1, 1985, the prices paid to producers for natural gas purchased by the Corporation each month were based on a formula which, with minor revisions, had existed since 1977. Under this formula, the Corporation paid producers a base price of $52.9500 per thousand cubic metres for old gas and $58.4873 per thousand cubic metres for new gas, plus (or minus) 48% of the difference between the actual deemed value (as calculated under section 69(8) of the Income Tax Act) and $88.2500, plus a rebate of $7.6137 and $7.9598 per thousand cubic metres for old and new gas respectively.

On July 1, 1985, the Natural Gas Price Act established a new pricing system for the purchase and sale of natural gas in the Province. Under this act, the Minister of Energy, Mines and Petroleum Resources is empowered to set a price, identified as the producer selling price, at which the Corporation purchases natural gas under its contracts with producers, or acquires gas from a producer under an acquisition order. The Corporation may also, by order, establish a price adjustment for gas it acquires under a gas contract or an acquisition order. The price adjustment is calculated based on the balance of funds remaining in the Natural Gas Price Adjustment Fund after certain costs have been paid, as set out in the Natural Gas Price Act. Effective July 1, 1985, the distinction between "old" and "new" gas was eliminated.

The prices paid for gas purchased by the Corporation during the year are shown below:

	Deemed Value	Price Paid Old Gas	Price Paid New Gas
1985	$/10³m³	$/10³m³	$/10³m³
April	70.9250	52.2477	58.1311
May	59.3100	46.6725	52.5559
June	67.0833	50.4037	56.2871

	General Producer Selling Price	General Price Adjustment
1985	$/10³m³	$/10³m³
July	65.6165	5.4334
August	69.4234	4.3606
September	69.4234	4.3606
October	69.4234	4.3606
November	69.4234	4.3606
December	69.4234	4.3606
1986		
January	66.9662	2.4399
February	66.9662	2.4399
March	66.9662	2.4399

Financial Review

Under the natural gas marketing system implemented on July 1, 1985, by the Natural Gas Price Act, gas producers in the Province pay a royalty on the revenues that they receive from the sale of gas and, therefore, no revenues from the resale thereof accrue to the Corporation. The Corporation's role, as a result, changed substantially from a revenue collecting function to undertaking responsibilities in the administration of the new marketing system. The Corporation, however, continues to administer the contracts which it holds with producers for marketing gas through Westcoast Transmission Company Limited.

The Natural Gas Price Act, inter alia, established the Natural Gas Price Adjustment Fund. This fund is administered by the Corporation, in addition to the Petroleum Corporation Fund which was established by the Petroleum Corporation Act and has been operated by the Corporation since 1973. In previous years, the financial statements reflected solely the transactions of the Corporation as recorded in the Petroleum Corporation Fund. Since July 1, 1985, the Natural Gas Price Act requires that all revenues and expenditures relating to the new marketing system be recorded in the Natural Gas Price Adjustment Fund. Therefore, the financial statements included in the annual report comprise those of the Petroleum Corporation Fund and, for the last nine months of the year, the Natural Gas Price Adjustment Fund. As a result of these changes and the establishment of a royalty system in the Province, it is not possible to make any meaningful financial comparisons with the results of the previous year.

The Natural Gas Price Adjustment Fund reflects the sales and purchases of natural gas, natural gas liquids and sulphur made since July 1, 1985. The amount available for distribution at March 31, 1986, of $25,945,561 represented the balance in the fund at that date for the purpose of eliminating monthly variations in the price payable to producers. It is the policy of the Province, through the Corporation, to ensure, so far as it is possible, that the price paid for gas does not fluctuate significantly from month to month. However, with the dramatic drop in world oil prices during the last four months of the fiscal year and the resulting effect of this on natural gas prices, particularly in the export market, it has not been possible to stabilize the price paid to producers for more than a few months at a time.

The Petroleum Corporation Fund reflects the activities of the Corporation relating to the sales and purchases of natural gas and by-products prior to July 1, 1985. Although the Petroleum Corporation Fund earned a profit for the year of $1,715,892, the fund had an operating loss of $3,647,839 before crediting interest received. This operating loss resulted from the agreement to return those volumes of gas, represented by the amount of $30,475,487, being the Corporation's liability for Future Gas Supply at the beginning of the year, to the distributor who paid for those volumes. The net loss of revenues on the volumes of gas returned to the distributor amounted to approximately $13,500,000.

During the year, the Corporation reached agreement on certain amendments to its gas purchase contracts with producers. These amendments were necessary in order for the new marketing system to operate effectively and included changes in the pricing provisions for natural gas and by-products, the calculation of the minimum volume obligation and the recovery of deficiency gas. The receipts and payments for natural gas and by-products are recorded in the Natural Gas Price Adjustment Fund, but all payments for failure to take the minimum annual volume of gas and all recoveries of deficiency gas continue to be recorded in the Petroleum Corporation Fund.

In March, 1986, the National Energy Board commenced a hearing regarding an application by Westcoast Transmission Company Limited for the setting of new tolls. The Corporation participated in the hearing as an intervenor. It is anticipated that the Board will announce its decision in the late summer and, in the meantime, Westcoast is permitted to collect tolls on an interim basis.

PETROLEUM CORPORATION FUND

March 31, 1986

	1986	1985
ASSETS		
Current Assets		
Cash	$ 32,667,029	$ 30,086,632
Accounts receivable	4,365,524	97,042,792
Prepaid expenses	—	33,772
Deferred receivable due within one year (Note 5)	3,222,222	—
	40,254,775	127,163,196
Prepaid gas (Note 3)	54,246,565	112,139,002
Property account (Note 4)	269,567	259,592
Other assets		
Deferred receivable (Note 5)	41,777,778	42,465,279
Debt issue expenses	84,840	127,260
Mortgages	63,980	68,169
	41,926,598	42,660,708
	$136,697,505	$282,222,498
LIABILITIES		
Current liabilities		
Accounts payable and accrued charges	$ 1,124,397	$ 85,424,516
Deferred liability due within one year (Note 6)	1,000,000	—
	2,124,397	85,424,516
Liability for future gas supply	—	30,475,487
Deferred liability (Note 6)	4,000,000	2,465,279
Long-term debt (Note 7)	30,000,000	30,000,000
Surplus	100,573,108	133,857,216
	$136,697,505	$282,222,498

Commitments (Note 10)

Approved by the Directors:

Director

D W Rawlyk

Director

See accompanying notes to financial statements.

PETROLEUM CORPORATION FUND

Statement of Revenue, Expenditure and Surplus

Year ended March 31, 1986

	1986	1985
Revenue		
Sales from natural gas, natural gas liquids and sulphur (Note 2)	$ 59,203,639	$543,651,962
Expenditure		
Gas and by-product purchases	61,906,935	404,888,963
Administrative and general expenses	944,543	1,944,981
	62,851,478	406,833,944
Operating income (loss) before interest	(3,647,839)	136,818,018
Interest (Note 8)	5,363,731	3,195,124
Net income	1,715,892	140,013,142
Surplus at beginning of year		
As previously reported	135,904,969	82,891,827
Adjustment of prior years' net income (Note 9)	2,047,753	2,047,753
As restated	133,857,216	80,844,074
	135,573,108	220,857,216
Deduct: Transfers to Provincial Treasury	35,000,000	87,000,000
Surplus at end of year	$100,573,108	$133,857,216

See accompanying notes to financial statements.

PETROLEUM CORPORATION FUND

Statement of Changes in Financial Position

Year ended March 31, 1986

	1986	1985
Operating Activities:		
Operations		
Net income	$ 1,715,891	$140,013,142
Add items not involving a flow of cash:		
— Depreciation and amortization	131,820	110,400
— Loss (gain) on disposal of fixed assets	(4,568)	1,121
Cash from operations	1,843,143	140,124,663
Recovery of prepaid gas	57,892,437	(6,320,919)
Payment on future gas supply	(30,475,487)	(3,765,648)
Prior years' adjustment (Note 9)	—	(2,047,753)
Transfers to Provincial Treasury	(35,000,000)	(87,000,000)
	(5,739,907)	40,990,343
Financing Activities:		
Mortgages	4,189	9,103
Increase in deferred liability	2,534,721	2,465,279
	2,538,910	2,474,382
Investing Activities:		
Property additions	(99,596)	(115,863)
Proceeds from sale of fixed assets	4,790	325
Increase in deferred receivable	(2,534,721)	(10,010,685)
	(2,629,527)	(10,126,223)
Changes in non-cash working capital:		
Accounts receivable	92,677,268	(44,179,984)
Prepaid expenses	33,772	31,361
Accounts payable and accrued charges	(84,300,119)	14,557,568
	8,410,921	(29,591,055)
Increase in cash position during the year	2,580,397	3,747,447
Cash position at beginning of year	30,086,632	26,339,185
Cash position at end of year	$32,667,029	$ 30,086,632

See accompanying notes to financial statements.

PETROLEUM CORPORATION FUND

Notes to the Financial Statements

March 31, 1986

Note 1 Statutory Requirements

The Petroleum Corporation Fund is established by the Petroleum Corporation Act, 1973, as amended.

Note 2 Significant Accounting Policies

Consolidation

The Petroleum Corportion Fund financial statements include the accounts of the Corporation's subsidiary, British Columbia Gas Corporation.

Gas Sales

Under the terms of an agreement between Westcoast Transmission Company Limited and British Columbia Petroleum Corporation effective November 1, 1973, the Corporation sells natural gas to Westcoast Transmission Company Limited at a price equal to the gross revenue received by that Company on the resale thereof less that Company's cost of service, in respect of gathering, processing and transporting the gas, for the month in which such resale takes place. Prior to July 1, 1985, the revenue from sales of natural gas was paid into the Petroleum Corporation Fund. Effective July 1, 1985, the revenue from such sales is paid into the Natural Gas Price Adjustment Fund, as required by the Natural Gas Price Act, 1985.

Depreciation

Furniture, equipment, automobiles and leasehold improvements are recorded at cost and depreciation is provided at rates considered adequate to amortize the cost over the service lives of the assets. Depreciation is computed on a straight-line basis.

Note 3 Prepaid Gas

Under its gas purchase contracts with producers, the Corporation is obligated to purchase and take delivery of, or pay for, a specified minimum annual volume of gas and, therefore, is liable to pay for the resulting shortfall (deficiency gas). The Corporation is entitled to take delivery of deficiency gas within a period of ten years from the date incurred, with an adjustment for the prices prevailing when such gas is delivered.

Note 4 Property Account

	Cost	Accumulated Depreciation & Amortization	1986 Net Book Value	1985 Net Book Value
Furniture	$382,048	$214,274	$167,774	$155,161
Automobiles	35,855	16,256	19,599	16,076
Leasehold Improvements	250,538	168,344	82,194	88,355
	$668,441	$398,874	$269,567	$259,592

Note 5 Deferred Receivable

The deferred receivable of $45,000,000 represents the amount of credit extended to Ocelot Investments Ltd. as at March 31, 1986, under an agreement with the Corporation and its subsidiary, British Columbia Gas Corportion. Of this receivable, which is secured by a first fixed and floating charge on the assets of that company, repayment of $40,000,000 will commence on May 1, 1986, and is repayable over eighteen years with interest at three quarters of one percent over prime and repayment of $5,000,000 will commence on that date and is repayable over five years at the same interest rate.

Note 6 Deferred Liability

The deferred liability of $5,000,000 represents the deferral, under an agreement with Pacific Northern Gas Ltd., in the payment of a portion of the billing for gas delivered to British Columbia Gas Corporation. This amount, including accrued interest at a rate of not less than three quarters of one percent over prime, is repayable over five years commencing May 1, 1986.

Note 7 Long-Term Debt

Long-term debt comprises $30,000,000 11⅜ Notes, due in 1988, which are unconditionally guaranteed as to principal and interest by the Province of British Columbia.

Note 8 Interest

	1986	1985
Interest Income		
Province of British Columbia	$3,962,653	$2,164,462
Other	4,855,998	5,080,781
	8,818,651	7,245,243
Less: Interest expense	3,412,500	4,007,152
Amortization of debt issue expenses	42,420	42,967
	3,454,920	4,050,119
	$5,363,731	$3,195,124

Note 9 Prior Years' Adjustment

As a result of the settlement of claims made against the Corporation relating to the marketing of sulphur in the years 1979-1981, the surplus at March 31, 1985, previously reported as $135,904,969, has been reduced by $2,047,753, representing the balance of the settlement which had not previously been provided by the Corporation.

Note 10 Commitments

(1) Under the agreements with producers which waive the Corporation's liability to pay for deficiency gas incurred in 1980, the Corporation is committed to purchase and take delivery of, or pay for, a specified volume of such gas in each year to 1991. At March 31, 1986, the Corporation's aggregate liability under these agreements was estimated at approximately $18,849,000.

(2) The Corporation has commitments under agreements for the lease of office premises extending to 1989. The aggregate rentals payable under leases amounted to approximately $824,000 at March 31,1986.

Auditors' Report

To the Lieutenant-Governor in Council
Province of British Columbia:

We have examined the balance sheet of the Petroleum Corporation Fund as at March 31, 1986, and the statements of revenue, expenditure and surplus and changes in financial position for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these financial statements present fairly the financial position of the Fund as at March 31, 1986, and the results of its operations and the changes in its financial position for the year then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Wolridge Mahon

Wolridge Mahon
Chartered Accountants

Vancouver, B.C., May 30,1986

NATURAL GAS PRICE ADJUSTMENT FUND

Balance Sheet

March 31, 1986

ASSETS	
Cash	$22,172,263
Accounts receivable	48,264,648
Prepaid expenses	3,243
	$70,440,154
LIABILITIES	
Accounts payable and accrued charges	$44,494,593
Amount available for distribution (Note 2)	25,945,561
	$70,440,154

Approved by the Directors:

Director

Director

See accompanying notes to financial statements.

NATURAL GAS PRICE ADJUSTMENT FUND

Statement of Revenue and Expenditure

Nine months ended March 31, 1986

Revenue	
Sales from natural gas, natural gas liquids and sulphur (Note 2)	$449,485,486
Interest	381,530
	449,867,016
Expenditure	
Natural gas purchases	378,195,199
Price adjustments	20,776,309
Payments for natural gas liquids	23,534,870
Administrative and general expenses	1,415,077
	423,921,455
Amount available for distribution (Note 2)	$ 25,945,561

See accompanying notes to financial statements.

NATURAL GAS PRICE ADJUSTMENT FUND

March 31, 1986

Note 1 Statutory Requirements

The Petroleum Corporation Fund is established by the Petroleum Corporation Act, 1973, as amended.

Note 2 Significant Accounting Policies

Gas Sales

Under the terms of an agreement between Westcoast Transmission Company Limited and British Columbia Petroleum Corporation effective November 1, 1973, the Corporation sells natural gas to Westcoast Transmission Company Limited at a price equal to the gross revenue received by that Company on the resale thereof less that Company's cost of service, in respect of gathering, processing and transporting the gas, for the month in which such resale takes place. The revenue from sales of natural gas is paid into the Natural Gas Price Adjustment Fund for subsequent distribution to producers, as required by the Natural Gas Price Act. Prior to July 1, 1985, the revenue from such sales was paid into the Petroleum Corporation Fund.

Changes in Financial Position

A statement of changes in financial position is not provided as disclosure of such information in these financial statements is considered to be adequate.

Note 3 Comparative Figures

As this is the first reporting period of the fund, no comparative figures are provided.

AUDITORS' REPORT

To the Lieutenant-Governor in Council
Province of British Columbia:

We have examined the balance sheet of the Natural Gas Price Adjustment Fund as at March 31, 1986, and the statement of revenue and expenditure for the nine months then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these financial statements present fairly the financial position of the Fund as at March 31, 1986, and the results of its operations for the nine months then ended, in accordance with generally accepted accounting principles.

Wolridge Mahon

Wolridge Mahon
Chartered Accountants

Vancouver, B.C., May 30,1986

YEAR ENDED MARCH 31	1986		1985	1984	1983	1982
	July 1, 1985- March 31, 1986	*April 1 - June 30, 1985*				
Volumes						
Domestic sales — (10^3m^3) ...	**3,998,875**	949,544	4,894,318	4,403,010	4,287,164	4,283,565
— (Mcf)	**141,164,158**	33,519,803	172,774,147	155,430,488	151,341,010	151,213,971
Export sales — (10^3m^3)	**1,550,769**	220,884	1,886,415	2,038,496	1,458,000	2,464,017
— (Mcf)	**54,743,640**	7,797,401	66,592,275	71,960,884	51,468,793	86,982,174
Sulphur sales — tonnes shipped	**197,204**	42,317	265,482	282,449	251,516	321,042
Natural gas liquids — (m^3) ...	**156,956**	34,352	227,665	231,469	236,914	244,306
Average Selling Price of Gas						
Domestic — $ per 10^3m^3	**100.2333**	97.3061	92.2243	81.4546	69.3503	58.1420
— $ per Mcf	**2.8394**	2.7565	2.6125	2.3074	1.9645	1.6470
Export — $ per 10^3m^3	**137.2375**	187.6909	159.9602	198.6800	221.2415	215.8722
— $ per Mcf	**3.8876**	5.3169	4.5313	5.6282	6.2673	6.1152
Average Purchase Price of Gas						
Old gas — $ per 10^3m^3	—	49.9748	55.4341	57.2490	42.0536	45.1660
— $ per Mcf	—	1.4440	1.6018	1.6542	1.2151	1.3051
New gas — $ per 10^3m^3	—	55.9109	62.3398	64.9556	53.8178	56.8414
— $ per Mcf	—	1.6156	1.8013	1.8769	1.5551	1.6424
Average Regulated Selling Price						
— $ per 10^3m^3	**70.4299**	—	—	—	—	—
— $ per Mcf	**2.0351**	—	—	—	—	—

Directors:

Honourable
Anthony J. Brummet
Minister of Energy, Mines & Petroleum Resources
Chairman of the Board

Philip D. Graham
President and Chief Executive Officer, Graymont Limited
Vice Chairman of the Board

Honourable
Patrick L. McGeer
Minister of International Trade, Science & Investments

Donald W. Rawlyk
General Manager & Manager, Natural Gas Division

Senior Personnel:

Donald W. Rawlyk
General Manager & Manager, Natural Gas Division

Sidney T. Akers
Manager, Gas Supply & Special Projects

Gordon S. Thomas
Comptroller

Bruna M. Martinuzzi
Corporate Secretary

Leonard D. Anderson
Chief Geologist

J. Brian Williston
Chief Engineer

Neil C. Beaton
Administrator, Gas Proration

Gordon A. Pearson
Assistant Comptroller

Corporate Offices:

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Telephone (604) 661-3300
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Legal Advisors:

Davis & Company,
2800 Park Place,
666 Burrard Street,
Vancouver, B.C. V6C 2Z7

Auditors:

Wolrige Mahon
9th Floor,
400 Burrard Street
Vancouver, B.C. V6C 3B7